

15.00

PIPER & MARBURY

1100 CHARLES CENTER SOUTH
36 SOUTH CHARLES STREET
BALTIMORE, MARYLAND 21201

301-539-2530

TELECOPIER 301-539-0489

CABLE 'PIPERMAR BAL'

TELEX 908054

RECORDATION NO. 16049-D FILED 1425

JAN 23 1990 -3 15 PM

WRITER'S DIRECT NUMBER

(301) 576-7796

January 23, 1990

INTERSTATE COMMERCE COMMISSION
1200 15TH STREET, N.W.
WASHINGTON, D.C. 20036
202-861-3900

0-023A078

BY HAND

Ms. Noreta R. McGee, Secretary
Interstate Commerce Commission
12th Street & Constitution Avenue, N. W.
Washington, D. C.

Dear Ms. McGee:

Enclosed are two originals and two copies of the document described below to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is Schedule No. 3, a secondary document, dated as of January 1, 1990, and entered into between New England Merchants Funding Corporation and Horsehead Industries, Inc. The primary document to which this document is connected is the Master Equipment Lease Agreement between PHH Financial Sources, Inc. ("PHH") and Horsehead Industries, Inc., previously filed with the Interstate Commerce Commission ("ICC") under Recordation No. 16049-D, which was assigned by PHH to New England Merchants Funding Corporation pursuant to the Assignment previously filed with the ICC under Recordation No. 16049-H.

The names and addresses of the parties to Schedule No. 3 are as follows:

Lessor: New England Funding Merchant Corporation
28 State Street
Boston, Massachusetts 02109

Lessee: Horsehead Industries, Inc.
204 East 39th Street
New York, New York 10016

*C. Dennis [Signature]
Kennedy R. Allen*

Ms. Noreta R. McGee
January 23, 1990
Page 2

PIPER & MARBURY

The equipment covered by the above document consists of 8 used railroad gondola cars identified by the manufacturer, car number and year built on Exhibit A attached hereto.

A fee of \$15.00 is enclosed. Please return an original of the document and any extra copies not needed by the Commission for recordation to the undersigned.

A short summary of the document to appear in the index is as follows:

Schedule No. 3, dated as of January 1, 1990 and covering 8 railroad gondola cars, to Master Equipment Lease Agreement, Recordation No. 16049-D, between PHH Financial Services, Inc. ("PHH") and Horsehead Industries, Inc., 204 East 39th Street, New York, New York 10016, as assigned by PHH to New England Merchants Funding Corporation pursuant to the Assignment, Recordation No. 16049-H.

Very truly yours,



Randall D. Sones

Enclosure

cc: Halsey B. Collins, Esquire
Charles F. Wilhelm, Esquire

EXHIBIT A

<u>Description</u>	<u>Manufacturer</u>	<u>Car Number</u>	<u>Year Built</u>
40', 2200 cubic feet, 100-ton Gondola	Midwest Freight Car Co.	MQCX-43	1976
40', 2200 cubic feet, 100-ton Gondola	Midwest Freight Car Co.	MQCX-63	1976
40', 2200 cubic feet, 100-ton Gondola	Midwest Freight Car Co.	MQCX-64	1976
40', 2200 cubic feet, 100-ton Gondola	Midwest Freight Car Co.	MQCX-65	1976
40', 2200 cubic feet, 100-ton Gondola	Midwest Freight Car Co.	MQCX-66	1976
40', 2200 cubic feet, 100-ton Gondola	Midwest Freight Car Co.	MQCX-67	1976
40', 2200 cubic feet, 100-ton Gondola	Midwest Freight Car Co.	MQCX-68	1976
40', 2200 cubic feet, 100-ton Gondola	Midwest Freight Car Co.	MQCX-55	1976

Lessor's Identification No. PHHFS-90-017

Attached to and hereby made a part of Equipment Lease dated as of August 8, 1989, between PHH Financial Services, Inc. ("Lessor") and Horsehead Industries, Inc. ("Lessee") as assigned to New England Merchants Funding Corporation (the "Assignee") by an Assignment dated as of December 1, 1989 from the Lessor to the Assignee.

Equipment:

<u>Qty.</u>	<u>Make and Description</u>	<u>Model #</u>	<u>Serial #</u>	<u>Item Cost</u>
Eight (8)	40', 2200 Cubic Feet, 100 Ton Railroad Gondola Cars manufactured by Midwest Freight Car Company in 1976 per attached Equipment Listing (Exhibit A)			

Original Location: Palmerton, PA and Bartlesville, OK

Latest Delivery Date: January 30, 1990

Acquisition Cost of Equipment: \$120,000

Term of Lease: Eighty-four (84) Months

Commencement Date: January 31, 1990

Basic Rent: 1.7627% of the Acquisition Cost of Equipment, equal to \$2,115.24, payable monthly in advance

Interim Rent: 0.05876% of the Acquisition Cost of Equipment per day, payable from the placed-in-service date to, but not including, the Commencement Date.

Number of Rental Payments: Eighty-four (84)

Lessors' Address for Rental Payments: P.O. Box 2332
Boston, Massachusetts 02109

Return Location: Within 250 miles of original equipment location.

Insurance: Physical loss or damage: An amount equal to the Acquisition Cost of the Equipment
Comprehensive public liability and property damage: \$5,000,000 per occurrence.

Dated as of January 1, 1990

New England Merchants Funding Corporation

By: Gary L. Christensen
Gary L. Christensen
Senior Vice President

Horsehead Industries, Inc.

By: William M. Quirk
William M. Quirk
Senior Vice President

EXHIBIT A

HORSEHEAD INDUSTRIES, INC.

SCHEDULE NO. 3

EQUIPMENT LISTING

The following car numbers represent eight (8) 40', 2200 cubic feet, 100 ton Gondolas manufactured by the Midwest Freight Car Company in 1976:

MQCX - 43
MQCX - 55
MQCX - 63
MQCX - 64
MQCX - 65
MQCX - 66
MQCX - 67
MQCX - 68

4371H

ACKNOWLEDGMENT

Commonwealth of Massachusetts

County of Suffolk, ss:

On this 23 day of January, 1990 before me personally appeared, Gary L. Christensen, to me personally known, who being by me duly sworn, says that he is a Senior Vice President of New England Merchants Funding Corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Seal]



Notary Public

My commission expires 6/22/90

ACKNOWLEDGMENT

State of New York

County of New York, ss:

On this 23 day of January, 1990 before me personally appeared, William M. Quirk, to me personally known, who being by me duly sworn, says that he is a Senior Vice President of Horsehead Industries, Inc. that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Seal]



Notary Public

My commission expires JOHN L. APTON
Notary Public, State of New York
No. 24003425
Qualified in Kings County
Certificate filed in New York County
Commission Expires March 30, 1991

4372H

Delivery and Acceptance Acknowledgment

Lessor's Identification No. PHHFS-90-017

Assignee of Lessor: New England Merchants Funding Corporation

Equipment Lease Dated as of August 8, 1989

Schedule No. 3

Vendor: J.L. Gon 88-103, Inc.

Acceptance Date: January 23, 1990

The undersigned ("Lessee") hereby acknowledges that:

1. The Equipment leased under the above Equipment Lease and Schedule: (a) was selected by Lessee; (b) has been delivered to, inspected and unconditionally accepted by the Lessee, for purposes of this Lease, as of the above acceptance date; (c) is in good condition (operating and otherwise) and repair; (d) is in full compliance with the terms of said Lease; (e) is new personal property and no original use thereof has commenced prior to the date or dates specified in the foregoing paragraph 1(b); and (f) has been marked to show Lessor's interest in the manner requested by Lessor. The foregoing shall not constitute a waiver of Lessee's right to make warranty claims against the manufacturer or vendor with respect to the Equipment.

2. Unless otherwise specified on said Schedule, the Commencement Date under said Schedule is, and the obligation of the Lessee to pay rental with respect to said Equipment commences on, the date of this Acknowledgement.

3. In the event that the Lessee shall at any time hereafter have any problems with said Equipment, it will look solely to said Vendor for satisfaction and will nevertheless continue to pay rentals to Lessor free of any setoff, counterclaim or defense.

Lessee further certifies that (i) no event has occurred and is continuing that constitutes an Event of Default by Lessee under the Lease, (ii) no event has occurred and is continuing which, with the giving of notice, passage of time, or both would constitute such a default by Lessee under the Lease, and (iii) that there has not occurred any material adverse change in the financial or business condition of Lessee or any guarantor of Lessee's obligations to Lessor since the date of the last financial statements submitted to Lessor or Assignee of Lessor by Lessee or any such guarantor. Lessee further acknowledges and understands that, based upon the foregoing, Assignee of Lessor will cause the balance of the purchase price for said Equipment to be paid to said Vendor.

Dated as of the 23 day of January, 1990.

Horsehead Industries, Inc.

By: William M. Quirk

William M. Quirk
Senior Vice President

ACKNOWLEDGMENT

State of New York

County of New York, ss:

On this 23 day of January, 1990 before me personally appeared, William M. Quirk, to me personally known, who being by me duly sworn, says that he is a Senior Vice President of Horsehead Industries, Inc. that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Seal]


Notary Public

My commission expires

JOHN L. AFTON
Notary Public, State of New York
No. 25622425
Qualified in Kings County
Certificate filed in New York County
Commission Expires March 30, 1991

4374H

Schedule of Stipulated Loss Values

Lessor's Identification No. PHHFS-90-017

Attached to and hereby made a part of Schedule No. 3 to Equipment Lease dated as of August 8, 1989, between PHH Financial Services, Inc. ("Lessor") and Horsehead Industries, Inc. ("Lessee") as assigned to New England Merchants Funding Corporation (the "Assignee") by an Assignment dated as of December 1, 1989 from Lessor to Assignee.

The "Stipulated Loss Value" of any Equipment as of a particular date shall be an amount equal to the product of (x) the actual cost of such Equipment to Lessor, and (y) the percentage specified opposite the aggregate number of full rental installments paid (other than installments paid prior to their due date) and/or then payable by Lessee to Lessor with respect to such Equipment.

<u>Date</u>	<u>Payment</u> <u>No.</u>	<u>Percentage</u>	<u>Date</u>	<u>Payment</u> <u>No.</u>	<u>Percentage</u>
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(See attached appendix)

Dated as of January 1, 1990

New England Merchants Funding
Corporation

By: 

Gary L. Christensen
Senior Vice President

Horsehead Industries, Inc.

By: 

William M. Quirk
Senior Vice President

4375H

Appendix to Schedule of Stipulated Loss Values

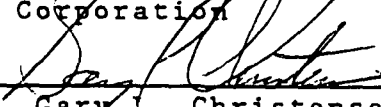
Payment

<u>No.</u>	<u>Percentage</u>
1	104.0065%
2	101.6238%
3	100.7413%
4	99.8521%
5	98.9563%
6	98.0538%
7	97.1448%
8	96.2290%
9	95.3064%
10	94.3769%
11	93.4405%
12	92.4972%
13	91.5469%
14	90.5896%
15	89.6251%
16	88.6535%
17	87.6747%
18	86.6886%
19	85.6952%
20	84.6945%
21	83.6863%
22	82.6707%
23	81.6475%
24	80.6167%
25	79.5783%
26	78.5322%
27	77.4783%
28	76.4166%
29	75.3470%
30	74.2695%
31	73.1840%
32	72.0905%
33	70.9888%
34	69.8790%
35	68.7608%
36	67.6346%
37	66.4998%
38	65.3567%
39	64.2051%
40	63.0450%
41	61.8763%
42	60.6988%
43	59.5127%
44	58.3178%
45	57.1140%
46	55.9012%
47	54.6795%
48	53.4487%

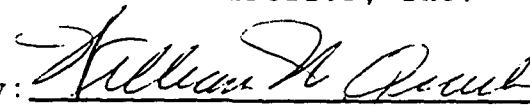
Payment

<u>No.</u>	<u>Percentages</u>
49	52.2088%
50	50.9597%
51	49.7013%
52	48.4336%
53	47.1565%
54	45.8699%
55	44.5738%
56	43.2680%
57	41.9526%
58	40.6274%
59	39.2824%
60	37.9475%
61	36.5926%
62	35.2277%
63	33.8527%
64	32.4674%
65	31.0719%
66	29.6660%
67	28.2497%
68	26.8229%
69	25.3855%
70	23.9374%
71	22.4786%
72	21.0090%
73	19.5285%
74	18.0370%
75	16.5345%
76	15.0208%
77	13.4959%
78	11.9596%
79	10.4120%
80	8.8529%
81	7.2822%
82	5.6999%
83	4.1059%
84	0.0000%

New England Merchants Funding Corporation

By: 
 Gary L. Christensen
 Senior Vice President

Horsehead Industries, Inc.

By: 
 William M. Quirk
 Senior Vice President

ACKNOWLEDGMENT

Commonwealth of Massachusetts

County of Suffolk, ss:

On this 23 day of January, 1990 before me personally appeared, Gary L. Christensen, to me personally known, who being by me duly sworn, says that he is a Senior Vice President of New England Merchants Funding Corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Seal]



Notary Public

My commission expires 6/22/90

ACKNOWLEDGMENT

State of New York

County of New York, ss:

On this 23 day of January, 1990 before me personally appeared, William M. Quirk, to me personally known, who being by me duly sworn, says that he is a Senior Vice President of Horsehead Industries, Inc. that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Seal]



Notary Public

My commission expires

JOHN L. LUTZ
Notary Public, State of New York
No. 2662226
Qualified in Kings County
Certificate filed in New York County
Commission Expires March 30, 1991

4376H

Addendum A

Addendum A (the "Addendum") to Schedule 3 dated January 1, 1990 (the "Schedule") of the Equipment Lease Agreement dated as of August 8, 1989 (the "Lease"), by and between PHH FINANCIAL SERVICES, INC. ("Lessor") and HORSEHEAD INDUSTRIES, INC. ("Lessee") as assigned to NEW ENGLAND MERCHANTS FUNDING CORPORATION (the "Assignee") by an Assignment dated as of December 1, 1989. Capitalized terms not otherwise defined herein have the meaning defined in the Lease.

The following supplements the terms and conditions of Schedule 3 of the Lease for equipment described in the Schedule (the "Equipment"):

1. Identification Marks. The Lessee will cause each item of Equipment to be kept numbered with the identifying number set forth on Exhibit A to the Schedule, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each item of Equipment, in letters not less than one inch in height, the words "Ownership Subject to a Lease Agreement Filed under the Interstate Commerce Act, Section 11303" or other appropriate words designated by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lessor's title to and property in such item of Equipment and the rights of the Lessor under the Lease and the Schedule. The Lessee will not place any such item of Equipment in operation or exercise any control or

dominion over the same until such name and words shall have been so marked on both sides thereof and will replace promptly any such name and words which may be removed, defaced or destroyed. The Lessee will not change the identifying number of any item of Equipment unless and until a statement of new number or numbers to be substituted therefor shall have been filed with the Lessor and filed, recorded and deposited by the Lessee in all public offices where the Lease and the Schedule 3 have been recorded and deposited.

Except as provided in the immediately preceding paragraph, the Lessee will not allow the name of any person, associated or corporation to be placed on any item of Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Equipment may be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates or any authorized sublessee.

2. Compliance With Laws and Rules. The Lessee agrees, for the benefit of the Lessor, to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each item of Equipment) with all laws of the jurisdictions in which its operations involving the Equipment may extend, with the interchanged and other rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the title, operation or use

of the Equipment, and in the event that such laws or rules require any alteration, replacement or addition of or to any part of any item of Equipment, the Lessee will confirm therewith at its own expense; provided, however, that the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Lessor, adversely affect the property or rights of the Lessor under the Lease or the Schedule.

Lessee agrees to perform all record-keeping functions related to the use of the Equipment by Lessee in accordance with the interchange and other rules and regulations of the Association of American Railroads and the Interstate Commerce Commission. All record keeping performed by Lessee hereunder and a record of all payments, charges and correspondence related to the Equipment shall be separately recorded and maintained by Lessee in a form suitable for reasonable inspection by Lessor from time to time during Lessee's regular business hours. Lessee agrees to supply Lessor with such reports regarding the use of the Equipment and Lessee's obligations under the Schedule as Lessor may reasonably request.

3. Recording. The Lessee, at the expense of the Lessee, will cause the Lease and the Schedule and any required documents relating to the purchase of the Equipment by the Lessor and any assignment thereof to be filed and recorded with the Interstate Commerce Commission in accordance with Section 11303 of the

Interstate Commerce Act prior to the delivery and acceptance hereunder of any item of Equipment. The Lessee will undertake the filing, registering, deposit, and recording required of the Lessor and will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, re-register, deposit and redeposit or re-record whenever required) any and all further instruments, financing statements or other documents required by law or reasonably requested by the Lessor for the purpose of proper protection, to its satisfaction, of the Lessor's interest in the Equipment, or for the purpose of carrying out the intention of this Section and the Lessee will promptly furnish to the Lessor evidences of all such filing, registering, depositing and recording.

4. Purchase Option. Notwithstanding any provision of the Lease or Schedule to the contrary, provided that the lease term of the Equipment has not been terminated and that no Event of Default under the Lease has occurred and is continuing, Lessee shall have the option to purchase all or a portion of the Equipment at the end of the lease term thereof for an amount, payable in immediately available funds, equal to \$1.00.

5. Use of Equipment. Lessee shall not use the Equipment, nor allow it to be used, for any unlawful purpose, nor for the transportation of any property or material deemed extra hazardous except material normally needed and used in Lessee's business.

6. Except as herein amended or supplemented, the Lease and

Schedule shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this

Addendum to be duly executed as of the date first above written.

NEW ENGLAND MERCHANTS FUNDING
CORPORATION

By:  

Gary L. Christensen
Senior Vice President

HORSEHEAD INDUSTRIES, INC.

By: 

William M. Quirk
Senior Vice President

ACKNOWLEDGMENT

Commonwealth of Massachusetts

County of Suffolk, ss:

On this 23 day of January, 1990 before me personally appeared, Gary L. Christensen, to me personally known, who being by me duly sworn, says that he is a Senior Vice President of New England Merchants Funding Corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Seal]


Notary Public

My commission expires 6/22/90

ACKNOWLEDGMENT

State of New York

County of New York, ss:

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[Seal]


Notary Public

My commission expires

JOHN L. ATTON
Notary Public, State of New York
No. 25777-225
Qualified in Kings County
Certificate filed in New York County
Commission Expires March 30, 1991

4378H